HR in the moment: Changing expectations and perceptions of HR

Increasing influence, visibility and digitization

sage

Executive summary

Expectations and perceptions of HR are changing

Have you had a chance to catch your breath yet? Recent events have placed huge pressure on companies and business leaders to pivot and adapt to changing priorities—and HR and People leaders have been at the forefront of this.

To understand how recent events have impacted the role, expectations and perceptions of HR and People leaders around the world, we spoke with more than 1,500 people from across the UK, US, Canada, and Australia. These respondents were drawn from three categories: senior HR roles, including chief people officers and HR directors; c-suite executive positions, such as CEOs and CFOs; and employees, outside both the c-suite and HR.

We wanted to understand: how have recent changes impacted the HR landscape? What's on the new HR agenda? What are the changing expectations and perceptions of HR—and what does this mean for HR and People leaders today?

Following our previous report **'The changing face of HR'**, conducted before the pandemic, this is our first in a new series of research reports from Sage, looking at 'HR in the moment'. In this research report, we'll uncover how HR leaders believe they've fared—and compare these opinions with those of the c-suite and employees. We'll also look at the role of technology, changing skillsets and how priorities have changed. The result is a 360-degree view of HR in today's rapidly changing world of work.

Here's what we found.

How has HR fared?
HR has become more influential, but at the expense of a bigger workload

65% Leading the change
65% of HR leaders say their teams have had a vital role to play in the pandemic, driving change, enabling remote working, and supporting wellbeing.

72% Demonstrated value
72% of HR leaders say the crisis has helped them demonstrate their value and increase understanding of HR's role.

59% More visible and influential
59% of HR leaders feel they have become more influential as leaders.

60% Bigger workload
HR's strategic and administrative workloads have increased. Up to **60%** of HR leaders have experienced an increase in both administrative and strategic tasks.

The view from the c-suite
Changes in HR have accelerated but HR is still seen as too admin focused

87% Accelerated change
87% of c-suite executives say the pandemic has accelerated changes in HR, such as the department having greater influence—but **52%** of the c-suite feel these changes are only temporary.

57% More visible and influential across the organization
57% of c-suite executives see HR and People leaders as equal leadership partners in the organization. **84%** of HR leaders felt the c-suite were previously unclear on the value HR brought.

57% Reputation management
Despite expecting HR teams to pick up more strategic work, **57%** of the c-suite also see HR as largely an administrative function.

76% Perception gap
While HR feel their workload has increased, three quarters (**76%**) of the c-suite don't feel HR's workload is unmanageable.

The view from employees

Employees see HR as more people-focused and responsive, and believe the pandemic has been a catalyst for change

60% **More people-focused**
60% of employees noticed changes in HR's role, such as being more strategic and people-focused, with **25%** seeing this change as substantial.

54% **Greater appreciation as HR becomes more visible**
54% of employees say they now have improved knowledge and understanding of HR's role and value, as a result of the pandemic.

34% **More responsive**
34% of employees believe HR has adapted to become more responsive.

57% **COVID a catalyst for change**
57% of employees believe the pandemic has been a catalyst for HR driving more people-related decisions across the business.

HR's accelerated digital transformation and the skills gap

There's more focus on digital transformation, but a lack of confidence about skills

59% **Increased focus on digital transformation**
59% of c-suite and HR leaders say HR is even more focused on digital transformation, as a result of the pandemic.

67% **A need for more tech—but lack of investment poses a challenge**
67% of HR leaders want to invest more in HR tech in the future, but **36%** see lack of investment in HR from the company as a barrier. A third (**31%**) of HR leaders say a lack of HR tech in their organization is holding them back from bringing their organization into the new world of work.

45% **Not fully equipped**
Less than half (**45%**) of HR leaders feel they're fully equipped with the tools needed for the future, compared to **58%** of the c-suite believing HR is—a **13%** difference in opinion.

63% **The confidence gap**
63% of c-suite executives are fully confident HR can bring the organization into the new world of work, compared to **52%** of HR leaders —an **11%** difference in opinion.

Much has continued to improve for HR and People leaders who have further increased their visibility and extended their influence, even in the face of extensive change and immense stress.

Yet the pressure is still on, and there's significant disagreement about whether HR and People leaders are being given the tech and resources they need to build great remote employee experiences, keep workforces productive and engaged, and deliver on expectations as needed in today's ever-changing new world of work.

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Introduction
A perfect storm—and the biggest challenge in a generation

It's a good thing HR and People leaders like a challenge, right? Wow—has the recent year or so given us exactly that. Well, we hope everyone is hanging in there because if there's one thing this report makes clear, HR teams have probably gone through more changes in the last year or so than in the last few decades.

Employees everywhere have recently felt the impact of the pandemic. Industries and organizations around the world have been disrupted, with new ways of working impacting professional and personal lives. At times like this when companies are hit by such seismic changes, the role of HR and People leaders becomes even more important.

Which makes this a suitable moment to check in on how HR teams are faring—and how the expectations of executive management, employees, and HR teams have changed. The question now is, what exactly has shifted, and what should HR leaders do about it? This is precisely what we set out to discover in this first of a new series of HR research reports from Sage, called 'HR in the moment'.

This research report will firstly review how HR leaders and teams have fared. Secondly, we will examine a 360-degree view of HR, taken from across the c-suite and employees. Finally, we will consider the vital role tech and digital skillsets have to play in responding to these changes and the new world of work.

We'll explore how this perfect storm of cloud availability and remote working during the pandemic has also accelerated HR's digital transformation, as HR and People leaders move to quicker, more agile ways of working to respond to shifting priorities.

Read on to discover everything we have learned.

"Before the pandemic, most companies had multi-year programs to drive HR tech, culture, careers, or other initiatives. Now, we have to react in hours or days. We need to build organizations that are fast, adaptive, and easy to change.[1]"

Josh Bersin, leading HR technology analyst

Research findings
How has HR fared?

HR has become more influential, but at the expense of a bigger workload

More visibility and influence

HR and People leaders have taken on more of an influential role in organizations as a result of the pandemic, and increased colleagues' understanding of what HR teams do with a new, more visible, people-focused agenda.

65% of HR leaders say their teams have had a vital role to play in the pandemic, driving change, enabling remote working, and supporting wellbeing. **59%** feel they are now delivering a more influential role in the company, and **72%** believe the crisis has helped them demonstrate their value and increase understanding of HR's role.

However, this increased responsibility has been accompanied by an increase in administrative work. Furthermore, **78%** of HR leaders believe challenges will continue well beyond 2021.

65%

Leading the change

65% of HR leaders say their teams have had a vital role to play in the pandemic, driving change, enabling remote working, and supporting wellbeing.

59%
of HR leaders feel they are now delivering a more influential leadership role
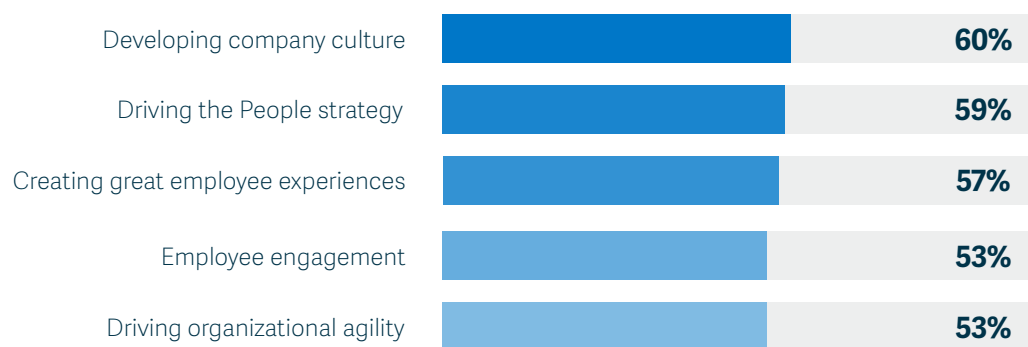
HR and People leaders reported spending more time on flexible working policies (**60%**) and workplace safety (**59%**), as well as the management of workplace policies (**56%**). Yet, a majority are also spending more time developing company culture (**60%**), driving the overall HR strategy (**59%**), and creating great employee experiences (**57%**). It reveals the pandemic has acted as a catalyst, creating a new, more strategically focused agenda for HR; but the administrative tasks haven't gone away.

Prioritization and more agile ways of working are vital, and the only way that HR's new agenda can be sustainable. HR leaders need to try new ways of working, learn from these, and adapt quickly as new challenges arise. The ability to be nimble, flexible and leading with agility is paramount.
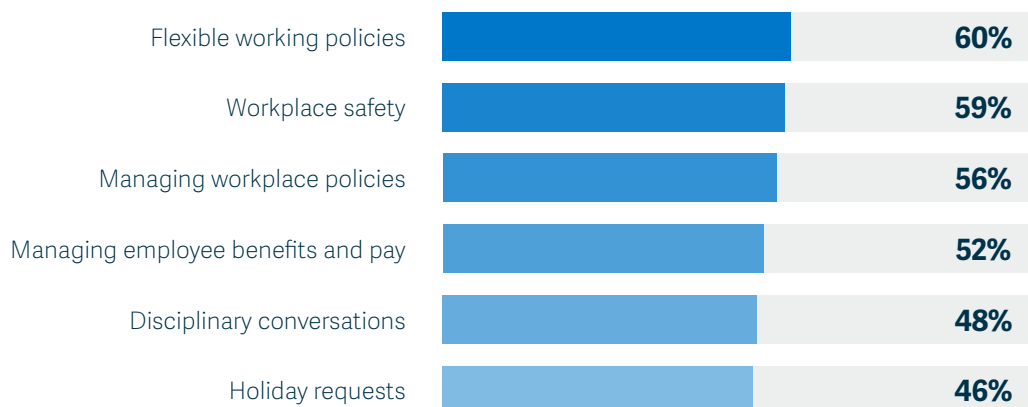
"Success today requires the agility and drive to constantly rethink, reinvigorate, react and reinvent."

Bill Gates, founder of Microsoft

Strategic tasks HR are spending more time on

Task	%
Developing company culture	60%
Driving the People strategy	59%
Creating great employee experiences	57%
Employee engagement	53%
Driving organizational agility	53%

Admin tasks HR are spending more time on

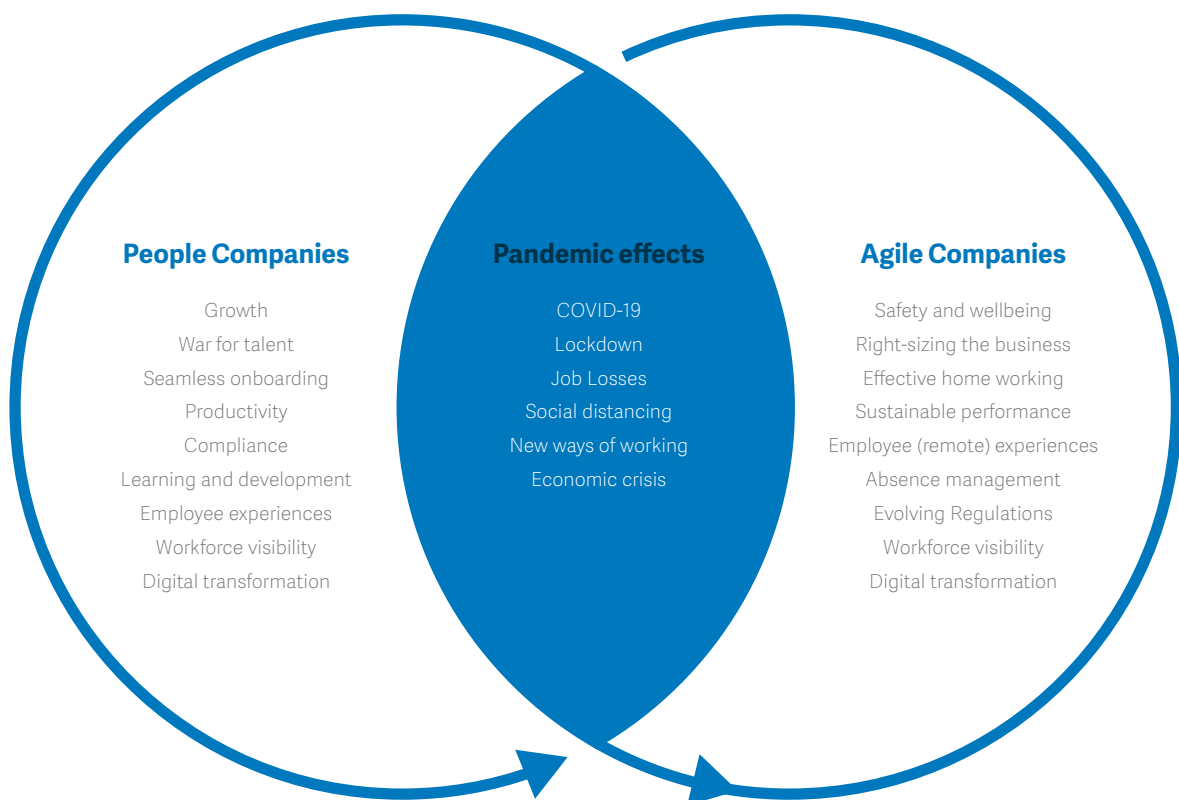| Task	%
Flexible working policies	60%
Workplace safety	59%
Managing workplace policies	56%
Managing employee benefits and pay	52%
Disciplinary conversations	48%
Holiday requests	46%

The changing face of HR: the new HR agenda

Sage's previous research report, **'The changing face of HR'**, found that **94%** of HR leaders believe 'HR is transforming to People', but just **18%** said they had already made this transformation. **94%** of HR and People leaders also predicted further changes within the next five years, with over half (**47%**) expecting these changes to be substantial. And weren't they just?

This shift away from seeing HR as simply 'Human Resources' and towards being more 'People' focused, isn't new. However, our new research demonstrates that the pandemic has acted as a catalyst for change, driving items on the 'People' agenda up the priority list—such as remote working and employee wellbeing. However, the pandemic also brought new challenges and items onto HR's to-do list.

This was reflected in our new research. **63%** of respondents say flexible working has become more of a priority for HR, as a result of the pandemic, and **61%** say agile working is now even more important. **57%** state that People data and actionable insights to guide business decisions has swiftly catapulted up the HR to-do list too.

The evolving HR agenda

People Companies

Growth
War for talent
Seamless onboarding
Productivity
Compliance
Learning and development
Employee experiences
Workforce visibility
Digital transformation

Pandemic effects

COVID-19
Lockdown
Job Losses
Social distancing
New ways of working
Economic crisis

Agile Companies

Safety and wellbeing
Right-sizing the business
Effective home working
Sustainable performance
Employee (remote) experiences
Absence management
Evolving Regulations
Workforce visibility
Digital transformation

72%

Value through visibility

72% of HR leaders say the crisis has helped them demonstrate their value and increase understanding of HR's role.

Research findings

The view from the c-suite

Changes in HR have accelerated but HR is still seen as too admin-focused

HR seizes the moment

HR teams' hard work and greater influence has clearly been recognized by the c-suite. HR has become more visible, leading accelerated change and driving new ways of operating; **58%** of c-suite executives believe they have developed more knowledge of, and appreciation for, HR during the pandemic. This is vital, considering **84%** of HR leaders feel that others in the organization were previously unclear on the value HR teams brought.

Our data also reveals that **57%** of c-suite members strongly believe HR are equal leadership partners for them in the organization, which is welcome news.

Furthermore, **87%** of the c-suite say the pandemic has accelerated changes in HR, although **88%** of the c-suite do recognize that this is a longer-term change that started up to five years ago.

There are disconnects, too, with the c-suite underestimating HR leaders' workload, and still seeing HR as too admin-focused. **57%** of the c-suite still see HR as largely an administrative function.

87%
of c-suite executives say the pandemic has accelerated changes in HR

C-suite underestimating HR's workload

As we've already touched on, HR leaders say their increased influence and responsibilities have come as a delightful package deal—with more work. However, our findings show there is a disconnect between HR and c-suite on how much admin HR teams are facing. **40%** of HR leaders say they're too focused on paperwork and admin, compared to **21%** of the c-suite. It's a similar story when it comes to overall workload too. Over a third **(34%)** of HR and People leaders say they have too much work to do, compared with less than a quarter **(24%)** of c-suite leaders who believe HR has too much work to do. This lack of understanding for HR's extensive workload means that three-quarters (**76%**) of the c-suite don't feel HR's workload is unmanageable.

In Sage's previous research report, **'The changing face of HR'**, we revealed **53%** of HR teams were delaying change because they have too many competing priorities. Recent changes have meant this is now more the case than ever. Without c-suite business leaders understanding the increased workloads HR and People teams are facing, there will be issues delivering on the new People agenda and managing internal expectations. HR and People leaders need to prioritize and cut the admin so they can continue to grow their influence and impact with the c-suite, ultimately adding more business value.

"HR has become more visible. People leaders have had to re-think policies like working from home, which has lots of other ramifications we need their help with. HR teams are moving into more of an innovative, culture-focused role, which should be looked at holistically."

C-suite executive, Canada

57%
More visible and influential across the organization
57% of c-suite executives see HR leaders as equal leadership partners in the organization.

76%
Perception gap
While HR feel their workload has increased, three quarters (75%) of the c-suite don't feel HR's workload is unmanageable.

57%

Reputation management

Despite expecting HR teams to pick up more strategic work, 57% of the c-suite also see HR as largely an administrative function.

"HR are too focused on paperwork and admin"

HR leaders	c-suite
40%	21%

"Our HR team has too many things to do"

HR leaders	c-suite
34%	24%

Research findings
The view from employees
Employees see HR as more strategic and responsive

HR seen as more responsive

Just like the c-suite, **60%** of employees have noticed a change in HR's role, such as being more involved in driving change and people-related decisions, with **25%** seeing this change as substantial. **57%** of employees also recognize the pandemic as a catalyst for these changes. Furthermore, **54%** of employees say they now have improved knowledge and understanding of HR's role and value.

Even more importantly, more than a third (**34%**) of employees—even more so than the c-suite—have recognized HR teams' ability to adapt and be more responsive as a result of the pandemic.

Throughout the pandemic and other challenges that HR and People teams have faced, HR has continuously reacted and responded as needed, building the best possible experiences for employees, prioritizing safety and wellbeing, and becoming experts in new support schemes and laws practically overnight. It's probably been one of the biggest challenges many HR leaders have faced in their careers yet. Although HR leaders may not be comfortable calling themselves agile, the truth is: agility probably is the best word to describe HR teams' response to the pandemic.

HR and People leaders should capitalize on this and use this opportunity to cast aside older, more cumbersome ways of working to focus instead on quicker, iterative cycles of work. In this way—with the help of automation, cloud technology and self-service—HR can focus on maintaining influence and building a more resilient workforce that's more prepared for future challenges ahead.

60%
of employees have noticed a change in HR's role, such as being more involved in driving change and people-related decisions

Better understanding of HR's role

Unsurprisingly, many of the changes noted by employees are connected to the areas of HR's support that have been most visible to them during the pandemic. These include activities related to the changing work environment, such as flexible and remote working becoming a top priority.

This increased visibility has created more understanding of HR's role too; **59%** of employees see HR as more visible, leading change, and involved in people-related decisions.

Over half of employees (**52%**) also believe that HR have been instrumental in helping them through change and prioritizing wellbeing during the pandemic. However, there is still more to do, with three-quarters of employees (**75%**) feeling that they see HR as more process-driven instead of strategic, echoing similar views of the c-suite.

"HR leaders must seize this opportunity and build on this acclaim from both the c-suite and employees. People leaders are better positioned than ever before to create business value and help raise organizational performance. There can be no going back to the old normal—the focus must be on HR's new agenda."
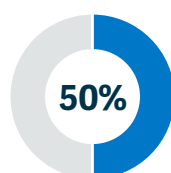
Amanda Cusdin, chief people officer, Sage

Employees think that HR are spending more time on activities related to the changing work environment because of COVID-19
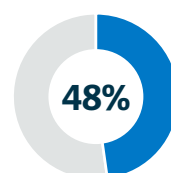
Top three activities that HR are spending more time on (employees)

53%

Flexible working policies

50%

Workplace safety

48%
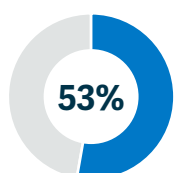
Managing workplace policies

34%
of employees believe HR has become more responsive because of the pandemic

Research findings
HR's accelerated digital transformation and the skills gap

There's more focus on digital transformation, but a lack of confidence about skills

Tech is more mission-critical than ever

The huge shift to remote working in many organizations in 2020, practically overnight, means that today's workforce is now more remote, mobile, and cloud-enabled than ever. HR technology played a vital role as organizations scrambled to respond to the pandemic and move to managing a workforce remotely.

Our findings show that **94%** of c-suite and HR leaders say digital transformation was already important before COVID-19 hit, and over half say it was extremely important. Yet **59%** of c-suite and HR leaders now believe HR is doing even more work related to driving digital transformation than before the pandemic.

75% of HR leaders say they are already using some form of HR tech. Also, of those HR leaders who have already invested in HR tech, **67%** are planning to invest in more—a real testament to the value HR tech is already bringing. However, worryingly, **36%** of HR leaders see lack of investment from the company in HR as a barrier to digital transformation. HR and People leaders must be able to make the business case effectively if they are to overcome this.

59%

Increased focus on digital transformation

59% of c-suite and HR leaders say HR is even more focused on digital transformation as a result of the pandemic.

94% of c-suite and HR leaders say digital transformation was already important before COVID-19 hit

Not on the same page about future readiness

Our findings show, however, that there is still a disconnect when it comes to the views of HR leaders and the c-suite, about how technologically prepared HR teams are.

63% of c-suite executives are fully confident HR can bring the organization into the new world of work, compared to **52%** of HR leaders—an **11%** difference in opinion. This is having a worrying knock-on effect, making the c-suite overconfident about HR leaders' abilities to bring the organization into the new world of work successfully.

"In a pandemic, you don't want worry about admin—for example, how you're going to process new starters, changes to contracts, or manage absence. If you've got the right tech in place to take care of that, you can get on with advising the business. The pandemic has really highlighted those businesses that didn't have these basics in place beforehand."

Helen Armstrong, MD of HR tech consultancy firm, Silver Cloud HR

The HR skills and tech gap

Digital skills was one of the biggest issues identified in our previous report **'The changing face of HR'**, where they were rated as the single biggest skills gap for HR teams. Our latest research shows this issue hasn't gone away; **40%** of HR leaders and **51%** of c-suite executives say HR is lagging in digital skills.

Yet, this is just part of the problem. **57%** of HR leaders said they cannot invest in new tech because of resourcing restrictions. One other worrying finding is that a third (**33%**) of HR leaders don't feel they have strong enough relationships with employees to successfully bring the organization into the new world of work.

New investment in HR technology—like cloud, mobile, self-service and automation—means not just being able to manage and engage workforces significantly better today, but being better prepared for the future challenges of tomorrow. HR's ability to make the business case for HR technology investment is essential.

"HR leaders have shied away from technical conversations because we've felt the greatest value that we bring to an organization is our heart. We must come to an understanding that the world around us has become more advanced. Take your IT leaders out for coffee, or a video conference call, and pick their brains. We must accept the reality that the world has evolved. Ignore this truth at your own peril."
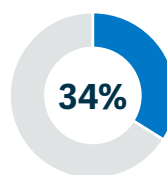
Joey Price, CEO, Jumpstart HR

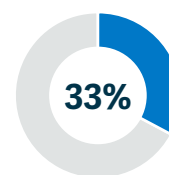## Top reasons why HR don't feel equipped to successfully bring the organization into the new world of work

40%

HR are too focused on paperwork and admin

36%
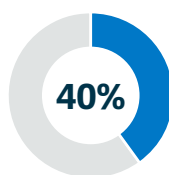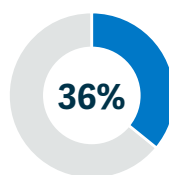
There is a lack of investment in HR departments

34%

Our HR team has too many things to do

33%

Our HR team doesn't have a strong enough relationships with the employees

Conclusion

HR leaders as champions of change

Seize this opportunity to drive organizational agility and resilience

When the going gets tough, the tough get going—and that's exactly how HR teams responded in 2020.

Both the c-suite and employees have clearly recognized the greater strategic responsibilities HR has taken on, and their role in steering organizations through this incredible acceleration of change.

Yet, there are still challenges. The c-suite underestimate HR leaders' workloads, and admin is still holding HR back. Those who haven't moved to self-service and automation are struggling and were simply unable to respond when the pandemic hit.

'HR is changing' was a phrase used before 2020, but recent times has brought it into much sharper focus. So, what can HR take as lessons from the past year or so, and what can HR do next to continue down a path of transformation?

1. Address workloads: goodbye admin, hello automation

Heavy workloads have gotten even heavier, yet **76%** of c-suite leaders don't see HR's workload as unmanageable. HR and People teams must prune their to-do list for it to be sustainable. Cutting admin and paperwork is a time-saving game-changer that elevates the impact and influence of HR. Automation and self-service are no-brainers; without either, HR will find it impossible to maintain influence and deliver against strategic priorities needed to continue operating at pace.

76%

of c-suite leaders don't see HR's workload as unmanageable
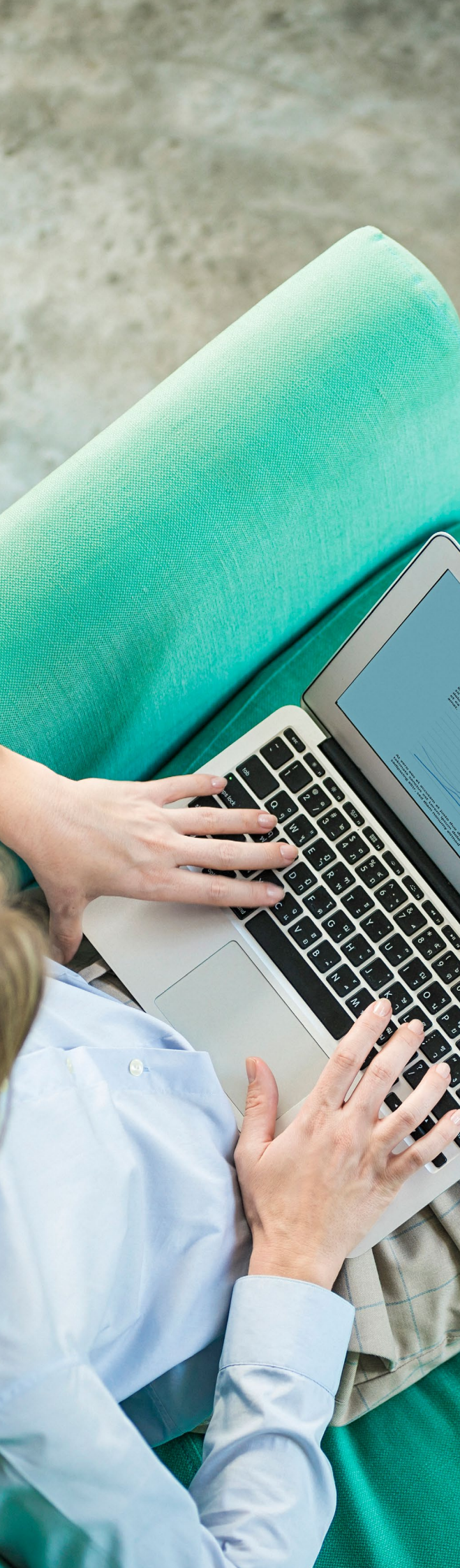
2. Build flexible and resilient ways of working

Now is not the time to go back to slower, more cumbersome ways of working. Today, there's an opportunity to look at how some HR and People teams responded quickly during the pandemic and learn from this. It's about looking at what can be learned from others. In the words of the founders of the Agile manifesto: "We want to restore a balance. We plan but recognize the limits of planning in a turbulent environment." HR leaders don't need to become scrum masters; but acting with agility has never been more vital to deliver against an ever-changing HR agenda.

3. Accelerate digital transformation

A third (**31%**) of HR leaders say a lack of HR tech in their organization is holding them back from bringing their organization into the new world of work. This needs to be addressed urgently. Investment in self-service and automation is the only way HR can reduce unnecessary admin. Cloud and mobile enabled organizations to manage and engage their remote workforce effectively. Actionable insights from People analytics means HR leaders are equipped to make decisions based on data quickly, so they can react to changes at the right time and even make predictions about the future. Recent events have shown if you're behind in driving digital transformation, it's time to put the pedal to the metal.

4. Make the business case for HR tech

It's good to acknowledge a need for HR tech investment, but this is simply the first step. It then requires securing all important buy-in and budget —and we know that's not always easy to achieve. Over a third (**36%**) of HR leaders say a lack of HR investment is a barrier to success. The smoothest way to get buy-in is with a clear and demonstrable ROI. Sage's **'10 step guide to building a compelling business case'** is packed with tangible steps you can take to get that all-important buy in and investment for HR technology. Collaboration with finance teams is also vital to get effective buy-in.

72%

of HR leaders say their value has increased since the pandemic hit

5. Enhance c-suite relationships

87% of c-suite executives say the pandemic has accelerated changes in HR, such as the department having greater influence—but **52%** of the c-suite feel these changes are only temporary. One way to maintain influence and deliver against the new HR strategy lies in tapping into data. Actionable insights not only equip HR leaders with the data they need to drive and evolve the people agenda, but also with the tools to facilitate conversations across the c-suite that are critical in achieving wider business objectives. Our second report in our 'HR in the moment' series will look at how HR can leverage insights to continue to elevate c-suite relationships and wield influence across the board—and with more confidence than ever before.

6. Enhance skills and build more confidence in HR

HR as a sector was already undergoing huge shifts before the pandemic hit. When it did, **72%** of HR leaders said it helped further demonstrate HR's value. HR and People leaders need to fiercely protect this hard-won ground as we look forward. Our third research report will address HRs role in leading and managing change across the business, and the skillsets they need to effectively do this.

Take the next steps in your digital transformation journey

Where are you in your digital transformation journey? Do you find yourself now considering a cloud HR system to enable you, your team, the workforce and the organization to adapt more easily to changing business needs in today's world of work?

From Skyscanner to Trustpilot, Sage People empowers leading organizations to build great workforce experiences that truly engage and inspire their people, dramatically reducing processes through automation, using actionable insights to drive decision-making, and enabling organizations to easily adapt with a flexible system to drive workforce agility and build business resilience.

By cutting HR admin by **40%**, halving the cost of hiring, and increasing HR productivity by **50%**, Sage People frees up HR leaders' time to focus on their people and drive business success. Sage People is the HR system of choice for organizations whose business success relies on their people's success. Don't wait—get started right now. Take a self-guided interactive tour of Sage People today.

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Take a tour today

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